

## Message Text

UNCLASSIFIED

PAGE 01 STATE 072713

61

ORIGIN L-02

INFO OCT-01 EUR-12 ISO-00 SSO-00 NSCE-00 INRE-00 AID-05

CEA-01 CIAE-00 COME-00 EB-07 EA-10 FRB-01 INR-07

IO-10 NEA-09 NSAE-00 OPIC-06 SP-02 TRSE-00 CIEP-02

LAB-04 SIL-01 OMB-01 SS-15 NSC-05 /101 R

DRAFTED BY L/EB:SBOND:CU

APPROVED BY EUR/RPE:MLEVINE

EB/IFD/OIA:RJSMITH

L:MR. FELDMAN

TREAS:MR. ALTHEIM

----- 049802

O 312313Z MAR 75

FM SECSTATE WASHDC

TO USMISSION OECD PARIS IMMEDIATE

UNCLAS STATE 072713

E.O. 11652: N/A

TAGS:EFIN, EINV, OECD

SUBJECT:AD HOC GROUP TO DRAFT STANDARDS OF BEHAVIOR FOR  
MNES

1. FOLLOWING IS TEXT OF DRAFT LANGUAGE ON GUIDELINES FOR  
MNES WHICH MISSION MAY GIVE TO SECRETARIATFOR DISTRIBUTION  
AT APRIL 3-4 MEETING OF AD HOC GROUP. MISSION SHOULD NOTE  
THAT THIS WORKING DOCUMENT AND INDEED ANY DOCUMENTS WHICH  
MAY EMERGE FROM AD HOC GROUP MEETING ARE AD REFERENDUM TO  
GOVERNMENTS.

2. QUOTE: GUIDELINES FOR BEHAVIOR BY MULTINATIONAL ENTER-  
PRISES. THE PARTICIPATING MEMBER COUNTRIES:

(A) HAVING IN MIND THE LEGITIMATE INTERESTS OF BOTH HOME AND  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 072713

HOSTCOUNTRIES WITH REGARD TO THE OPERATIONS OF MULTINATION-  
AL ENTERPRISES;

(B) DESIROUS OF ESTABLISHING AGREED GUIDELINES FOR THE BE-  
HAVIOR OF MULTINATIONAL ENTERPRISES OPERATING WITHIN THEIR  
JURSDICTION IN ORDER THAT THESE MULTINATIONAL ENTERPRISES

MIGHT BE MADE AWARE OF THE BEHAVIOR WHICH THE PARTICIPATING

MEMBERS BELIEVE HELPS TO MAXIMIZE THE MULTINATIONAL ENTER-  
PRISES' POSITIVE CONTRIBUTIONS AND TO MINIMIZE ANY UNDE-  
SIRE CONSEQUENCES OF THEIR ACTIVITIES;

(C) BELIEVING THAT THE DEVELOPMENT OF SUCH GUIDELINES CAN  
ASSIST IN THE CREATION OF A MORE CERTAIN ENVIRONMENT FOR  
INTERNATIONAL INVESTMENT WITH CONSEQUENT BENEFITS TO THE  
PARTICIPATING MEMBER COUNTRIES AND MULTINATIONAL ENTER-  
PRISES ALIKE;

(D) COGNIZANT OF THE CONTINUING WORK BEING CARRIED OUT IN  
THE SPECIALIZED COMMITTEES OF THE OECD AND RECOGNIZING  
THAT THIS WORK SHOULD RESULT IN MORE DETAILED FINDINGS

WHICH MAY LEAD TO FURTHER GUIDELINES OR OTHER USEFUL AP-  
PROACHES WITH RESPECT TO MULTINATIONAL ENTERPRISES;

(E) RECOGNIZING THAT SUBSTANTIAL BENEFITS ARE BROUGHT TO  
HOME AND HOST COUNTRIES BY THE ACTIVITIES OF MULTINATIONAL  
ENTERPRISES, THAT MULTINATIONAL ENTERPRISES ARE INTENDED  
TO BE PROFIT-MAKING ORGANIZATIONS AND THAT REGULATION WHICH  
REDUCES THE PROFITABILITY OF OPERATIONS IS LIKELY TO HINDER  
INTERNATIONAL INVESTMENT AND THEREFORE REDUCE ITS BENEFITS.

(F) AGREEING THAT NOTHING IN THESE GUIDELINES IS INTENDED  
TO DEROGATE FROM THE OBLIGATIONS OF PARTICIPATING MEMBERS  
UNDER CUSTOMARY INTERNATIONAL LAW OR IN TREATIES OR OTHER  
INTERNATIONAL AGREEMENTS, INCLUDING THOSE COMMITMENTS RE-  
LATED TO THE ESTABLISHMENT OF FREEDOM OF INTERNATIONAL  
CAPITAL MOVEMENTS; AND

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 072713

(G) NOTING THAT THESE GUIDELINES FOR MULTINATIONAL ENTER-  
PRISES ARE PROMULGATED SIMULTANEOUSLY WITH AGREEMENTS BY  
THE PARTICIPATING MEMBERS ON NATIONAL TREATMENT FOR ENTER-  
PRISES UNDER FOREIGN CONTROL AND ON OFFICIAL INCENTIVES  
AND DISINCENTIVES FOR INVESTMENT;

... (A) HEREBY DECLARE THAT:

(1) EVERY STATE HAS THE RIGHT TO PRESCRIBE THE CONDITIONS UNDER WHICH MULTINATIONAL ENTERPRISES OPERATE WITHIN THEIR NATIONAL JURISDICTIONS, AND THE CONCOMITANT DUTY TO TREAT MULTINATIONAL ENTERPRISES EQUITABLY AND IN ACCORDANCE WITH INTERNATIONAL LAW; AND

(2) WHEN MULTINATIONAL ENTERPRISES ARE SUBJECT TO CONFLICTING LAWS, REGULATIONS, OR POLICIES, THE STATES CONCERNED SHOULD COOPERATE IN GOOD FAITH TO RESOLVE SUCH CONFLICTS, DUE REGARD BEING PAID TO THE INTERESTS OF THE

CONCERNED STATES;

... (B) HEREBY SET FORTH GUIDELINES FOR BEHAVIOR AND INVITE ENTERPRISES OPERATING WITHIN THEIR TERRITORIES TO FOLLOW SAID GUIDELINES.

(I) GENERAL GUIDELINE OF BEHAVIOR:

(A) ENTERPRISES SHOULD RESPECT THE LAWS OF THE COUNTRIES IN WHICH THEY OPERATE AND SHOULD ENDEAVOR TO CONDUCT THEIR ACTIVITIES IN CONFORMITY WITH THE STATED POLICY OBJECTIVES OF THEIR HOME AND HOST COUNTRIES.

(II) INDUSTRIAL POLICY: ENTERPRISES

(1) SHOULD ENDEAVOR WHEN ECONOMICALLY FEASIBLE TO ENSURE THAT THEIR OVERALL ACTIVITIES IN HOME AND HOST COUNTRIES CONTRIBUTE TO ACHIEVING THE COUNTRIES' STATED INDUSTRIAL AND SOCIAL OBJECTIVES, INCLUDING POLICIES RELATING TO REGIONAL DEVELOPMENT.

(2) SHOULD BE PREPARED, IN THE EVENT OF REQUESTS FROM UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 072713

GOVERNMENTS OF HOME AND HOST COUNTRIES, TO MAKE KNOWN EXPECTATIONS AS TO THEIR ACTIVITIES, CONSISTENT WITH THE REQUIREMENTS OF BUSINESS CONFIDENTIALITY.

(III) DISCLOSURE OF INFORMATION: ENTERPRISES

(1) SHOULD ENDEAVOR TO MAKE AVAILABLE A SUFFICIENT BODY OF QUANTITATIVE AND QUALITATIVE INFORMATION ON THEIR OPERATIONS IN AN UNDERSTANDABLE FORM IN ORDER TO IMPROVE PUBLIC UNDERSTANDING OF THEIR ACTIVITIES, GIVING DUE CONSIDERATION TO LEGITIMATE REQUIREMENTS FOR CONFIDENTIALITY;

(2) SHOULD ENDEAVOR TO PROVIDE REASONABLE ASSISTANCE TO THEIR FOREIGN OPERATIONS IN COMPLYING WITH DISCLOSURE REQUIREMENTS OF HOST COUNTRIES.

(IV) FINANCING: ENTERPRISES SHOULD, IN MANAGING THE FINANCIAL AND COMMERCIAL ACTIVITIES OF THEIR FOREIGN OPERATIONS, TAKE INTO CONSIDERATION THE STATED OBJECTIVES OF THE AUTHORITIES OF HOST AND HOME COUNTRIES REGARDING BALANCE OF PAYMENTS AND FISCAL POLICIES.

(V) RESTRICTIVE PRACTICES AND COMPETITION: ENTERPRISES SHOULD FULLY COMPLY WITH THE RESTRICTIVE BUSINESS PRACTICE

LAWS OF THE PARTICIPATING MEMBER STATES WHOSE COMMERCE THEY DIRECTLY AFFECT, AND IF REQUESTED SHOULD ENDEAVOR TO PROVIDE TO ENFORCEMENT AUTHORITIES IN THOSE COUNTRIES INFORMATION NECESSARY TO THE DETERMINATION OF WHETHER RESTRICTIVE BUSINESS PRACTICES ADVERSELY AFFECTING THE COMMERCE OF THOSE NATIONS HAVE OCCURRED.

(VI) TAXATION: ENTERPRISES

(1) SHOULD ENDEAVOR TO PROVIDE REASONABLE ASSISTANCE IN PROVIDING RELEVANT INFORMATION REQUESTED BY HOME AND HOST COUNTRY TAX AUTHORITIES.

(2) SHOULD REFRAIN FROM THE USE OF ARRANGEMENTS, THE PURPOSE OF WHICH IS THE ILLEGAL EVASION OF TAXATION OF PROFITS BY HOME OR HOST COUNTRIES. KISSINGER  
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 072713

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STANDARDS, AGREEMENT DRAFT, COMMITTEE MEETINGS, INVESTMENTS, MULTINATIONAL CORPORATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 31 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE072713  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** SBOND:CU  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750111-0829  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t1975031/aaaaaiy.tel  
**Line Count:** 201  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN L  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** hartledg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 JUN 2003 by SilvaL0>; APPROVED <02 MAR 2004 by hartledg>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** D HOC GROUP TO DRAFT STANDARDS OF BEHAVIOR FOR MNES  
**TAGS:** EFIN, EINV, OECD  
**To:** OECD PARIS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006